

Illegal Gambling



**What is it,
what are the exceptions,
and
what are the consequences?**



Minnesota Gambling Control Board
In conjunction with the Alcohol and Gambling Enforcement Division
of the Minnesota Department of Public Safety

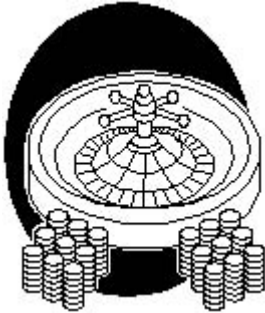
REFERENCES

Minnesota Statutes 349.155
Minnesota Statutes 349.18
Minnesota Statutes 609.75
Minnesota Statutes 609.755
Minnesota Statutes 609.76
Minnesota Statutes 609.761
Minnesota Rules 7861.0240
Minnesota Rules 7865.0220

LICENSES; LICENSE ACTIONS
PREMISES USED FOR GAMBLING
GAMBLING; DEFINITIONS
ACTS OF OR RELATING TO GAMBLING
OTHER ACTS RELATING TO GAMBLING
OPERATIONS PERMITTED
Premises Permits
Suspensions or revocations of licenses or permits

Internal Controls: Illegal Gambling

Sanctions imposed for illegal gambling



Premises permit - If illegal gambling occurs at a premises, the Gambling Control Board shall suspend the premises permit up to 90 days for a first occurrence.

The Gambling Control Board considers several factors in determining the length of the suspension:

1. Did the organization notify the lessor, in writing, that illegal gambling was being conducted at the premises and request that the lessor take appropriate action?
2. Did the organization or any of its agents know that the game or device at the site was illegal or was designed to be capable of being used in a manner that causes illegal gambling?
3. To what degree did the organization cooperate with state and local authorities?
4. Did the organization or any of its agents participate in the illegal gambling?
5. What was the nature or severity of the violation?

Organization license - The Gambling Control Board will suspend or revoke an organization's license if the organization or any of its agents participated in the illegal gambling or knowingly permitted it.

What to do if you suspect illegal gambling is happening at your site

Notify the lessor, in writing, that illegal gambling is being conducted at the premises. In addition, contact the local law officials or the Alcohol and Gambling Enforcement Division of the Department of Public Safety at 651-201-7500 Ext 2.

It is important that action be taken to stop the illegal gambling activity before it affects the status of the organization's premises permit.

Payment of rent when premises permit is suspended

The Gambling Control Board may authorize an organization to withhold rent from a lessor for a period of up to 90 days if the Board determines:

- that illegal gambling occurred on the premises, or
- that the lessor or its employees participated in the illegal gambling or knew of the gambling and did not take prompt action to stop the gambling.

The organization has the right of continued tenancy during the time period that the Board determines rent may be withheld.

Suspended premises - If the premises permit is suspended, the organization may not pay rent or other costs contained in the lease agreement for the site during the term of the suspension.

Exception: If the organization or its agents is found to be solely responsible for the illegal gambling at the site, the organization must continue to make rent payments, according to the terms of the lease—even though the premises permit has been suspended (unless the agents are also agents or employees of the lessor).

Internal Controls: Illegal Gambling (continued)

What is a bet? When is it illegal?

A "bet" is defined as "a bargain whereby the parties mutually agree to a gain or loss by one to the other of specified money, property or benefit dependent upon chance, although the chance is accompanied by some element of skill." According to this definition, any card game where the participants pay to play, and have a chance to win money, would constitute a "bet" and, therefore, be illegal gambling.

Private social bets allowed - exception

Social bets are allowed only if they are done in a private social setting. However, social bets are illegal if:

- they are part of "organized, commercialized, or systematic gambling"
- the owner of the location of a social bet derives any profit from the bet, organizes regular occasions for such bets, or advertises their occurrence

Card games allowed - exceptions

Tournaments or contests for card games known as cribbage, skat, sheephead, bridge, euchre, pinochle, gin, 500, smear, or whist are only allowed when:

- there is no direct financial benefit to the promoter or organizer, and
- the sum of all prizes does not exceed \$200 per occasion.

An entry fee is allowed for these games.

Texas Hold'em - A Texas hold'em tournament (card game) is allowed under the following conditions:

- **no entry fee** or other consideration for participation is allowed;
- there is no direct financial benefit to the promoter or organizer;
- no person under 18 may participate;
- the value of all prizes awarded to an individual winner at a location may not exceed \$200 per day; and
- reasonable accommodations must be made for players with disabilities. Accommodations to the table and cards shall include the announcement of cards visible to the entire table and the use of Braille card for players who are blind.

Texas Hold'em may not be played on a video device.

Chance drawings - may be illegal raffle

The Minnesota Supreme Court and state law allow chance drawings that do not require consideration if:

- the participant is not required to purchase a ticket for a drawing in order to win a prize, and
- the participant must be allowed to enter the drawing without any consideration for a chance to win a prize.

A drawing organizer may not imply that a participant must pay a donation for the chance to win a prize (for example, "Suggested Donation \$5"), or may not coerce a participant to pay a donation for the chance to win a prize. If the organizer implies or coerces the participant in any manner, there is a substantial risk of violating law.

Poker runs illegal



Poker runs are usually associated with snowmobiles or other motorized vehicles, and the participant pays for the chance of picking up cards at various locations that enable the best winning hand to win a prize.

The poker run sponsor runs the risk of operating a gambling place and/or conducting an illegal lottery.

Internal Controls: Illegal Gambling (continued)

Sports boards illegal



Sports boards are often based on the outcome of sporting events, and the participant pays for the chance of winning a prize on the board.

The most common types of sports boards are serialized 55-number boards, 100-number boards, or ten-number boards.

NOTE: A recent law was passed by the MN 2012 Legislature to allow for the sale of "sports-themed" tipboards. The Gambling Control Board is reviewing the legality of this game format in light of a federal law that prohibits Minnesota from conducting this type of wager.

Dice restrictions

Social dice games are permitted on the premises and adjoining rooms of an establishment licensed to sell alcoholic beverages. Only the following games are allowed, and restrictions apply to these games as noted:

- Board games played with dice, or
- Dice games commonly known as:

Shake-a-day	Horse	Liar's poker	Who buys
Last chance	3-2-1	Aces	6-5-4



Restrictions - Wagers or prizes for the games must be limited to food or beverages, and the retail establishment may not organize or participate financially in the games.

All other forms of dice games are illegal, and are not allowed in establishments licensed to sell alcoholic beverages.

Video game of chance or touch screen video



Any video game may be illegal. Some machines have the capability to change from a legal game (such as Trivia) to an illegal game (such as poker) with the flip of a switch. If the machine is capable of playing illegal games, it is considered a video game of chance.

Ask the lessor questions about the video games at the site to determine if they are legal. Some questions to ask:

- Is the machine capable of playing illegal games that include common gambling forms?
- Is the lessor aware of the consequences?

Video poker machines or eight-line video slots

These are considered gambling devices and as such are illegal outside of a dwelling (home) or a tribal casino.

Questions?

For questions regarding illegal gambling, contact the Alcohol and Gambling Enforcement Division of the Department of Public Safety at 651-201-7500 Ext. 2 or www.dps.state.mn.us.